

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
INBOUND EMS 2

Docket No.
CP2020-250

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**
(August 25, 2020)

The United States Postal Service (Postal Service) hereby responds to
Chairman's Information Request No. 1, issued on August 18, 2020. The questions are
stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
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August 25, 2020

1. Please refer to file "NONPUBLIC Att 2 Inbound EMS Rates 2021.pdf," (Attachment 2) and Excel file "NONPUBLIC EMS 2021 2020_08_12v3.xls," (EMS file), tab "02_Inputs," cell D11, and tab "03_Rates," cells E8:E193. Please confirm that the maximum per kilogram rate in the EMS file, tabs "02_Inputs," and "03_Rates," does not match the maximum per kilogram rate in Attachment 2. If confirmed, please explain.

RESPONSE:

Confirmed. Both figures should be rounded off to the same number of decimal places.

To correct this inadvertent difference, the Postal Service is filing an erratum under seal to submit a revised non-public Attachment 2 using the same number of decimal places (for the maximum per kilogram rate) that appear in the financial spreadsheets (EMS file) and that will be submitted to the Universal Postal Union by August 31, if favorably reviewed by the Commission.

2. Please refer to Excel file "NONPUBLIC EMS-PfP_CY2019.xlsx," cells C10 and K10, and the EMS file. Please confirm that the penalty and the lost revenue in Special Drawing Rights in these cells, respectively, are deducted from revenue calculated in the EMS file. If confirmed, please identify the relevant cell(s) with this calculation in the EMS file. If not confirmed, please explain.

RESPONSE:

Confirmed in part; confirmed with respect to the penalty in cell C10, and not confirmed with respect to the lost revenues in cell J10. First, the Postal Service assumes that the Chairman's Information request intended to refer to cell J10, rather than K10 as the information request stated. Second, with respect to the penalty in cell C10, the relevant cells with the calculation in the EMS file are tab 02 Inputs, cells B46:E46, and tab 07 Summary, cells B9:C9 and B16:C16. Third, with respect to the lost revenues in cell J10, those lost revenues were not deducted from the revenue projection because pieces associated with those lost revenues were not part of the volume data from FY 2019. On the other hand, the costs that were included in the model included the costs related to those pieces, such that the exclusion of the pieces and revenues would have conservatively suppressed the estimated cost coverage calculated in the EMS file. In any event, as is apparent from the financial spreadsheets filed, the amount of those lost revenues as a percentage of total revenue is immaterial to the cost coverage in this case.